official interpretations at their face value, without subjecting them to critical analysis. As a result, he has furnished a most valuable and exhaustive record for those who wish to know what to expect from the tax gatherers, but he has not delved deeply into matters which must be explored and analyzed in order to get the footing on which to work for an improvement of prevailing practices.

Professor Montgomery is an accountant. Without waiting for those in authority to speak first, he deals with the most vexing of the questions which have to be answered by those who are so fortunate as to pay income taxes. He visualizes in advance the problems likely to face the taxpayers and tells how they should be solved on accounting principles. He arrays the conclusions of officials, but does not hesitate to match his judgment against theirs. Like the good physician who indulges in preventive medicine, he suggests ways of amending the law so that the need for the accountant may be reduced. With supreme self-sacrifice, he advocates that "the inequitable excess profits tax law" should be repealed, and that no further changes in the tax law, except in rates, be made for ten years. He would gradually reduce the individual income tax rates, and make up the deficiency by increasing the normal income tax rate on corporations. Boldly venturing outside his peculiar province, he adds: "Avoid all Plumb and other costly class legislation." Unlike Mr. Holmes, he does not confine himself to federal taxes but handles those of New York as well. His books are indispensable to any who seek to fill out complicated returns without calling in an expert accountant.

In view of the loss of revenue and the possible escape of personal income from taxation, due to the Stock Dividend Case, a suggestion of Mr. Holmes is pertinent. He refers to criticisms of the excess-profits tax, and suggests as a substitute, not a general increase in the rates on corporations, but an assessment of the undistributed incomes of corporations at very heavy rates, in order to increase the distribution of dividends. Thus may the ends in view in the tax on stock dividends be largely attained. If surplus income is distributed to stockholders, they pay the tax even though they use their dividends in purchasing new stock. If the income is retained by the corporation, whether carried on the books as surplus or transferred to capital by the issue of a stock dividend, the corporation pays a tax which may be made to correspond somewhat to that which the stockholders would pay if the other method were employed. The feasibility of this proposal illustrates the tweedledum-and-tweedledee character of the difference between these two methods of dealing with corporate income which the corporation desires to retain, and provokes inquiry whether the dissenting opinion of Mr. Justice Brandeis in the Stock Dividend Case is not the sounder judgment on the constitutional issue, even though the particular economics of the majority has much to commend it.

Thomas Reed Powell

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